GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3520
ANSWERED ON:16.04.2002
FERTILIZER SCAM
KAMBALAPADU E. KRISHNAMURTHY;SANJAY PASWAN

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government is aware that an alleged Fertilizer Scam in theallotment of Central subsidy to Fertilizer producers surfaced in the country, particularly in the State of Bihar;

(b) If so, the details thereof;

(c) whether any CBI probe has been ordered by the Government into it;

(d) if so, the details of the findings of the probe;

(e) whether any action has been taken / being taken against the erring officials;

(f) if so, the details thereof;

(g) whether the Government propose to blacklist those companies which have earned profits by showing fake sales with immediate effect or not to make any official purchase from them till the inquiry is completed;
(h) if so, the details thereof and if not, the reasons therefor; and
(i) the other remedial measures being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI S. B. MOOKHERJEE)

(a) & (b): The Comptroller & Auditor General (CAG) in the Report (Civil)2000, for the period ending March, 1999 observed that the Director of Agriculture of the Bihar Government issued sales certificates, involving paymentof concession of Rs.162.05 crore by the Government of India under the Concession Scheme on decontrolled phosphatic & potassic fertilizers during the period 1994-95 to 1997-98, without obtaining verification reports from District Agriculture Officers, and thereby flouted the State Government's instructions regarding certification of quality and quantity of fertilizers sold. Consequently, the possibility of certifying doubtful claims of the concession of the 22 agencies/suppliers based on inflated and fake supplies of fertilizers was not ruled out.

(c), (d) & (i): The Central Government in February 2000, requested the StateGovernment to furnish factual position on the news item published in January 2000 based on CAG report.The Bihar Government was further requested toreview its existing system of sales certification. The Bihar Governmentinformed in February 2001 that it had handed over the matter to the State Vigilance Department for inquiry. In the meanwhile, the Financial Managementand Internal Resources Committee of the State Legislative Council also went into these allegations. Subsequent to the submission of the report of the Committee, the State Government of Bihar has in February, 2002 referred the matter for investigation by CBI.

(e) to (h): While referring the matter to Bihar Government for furnishingfactual position on the news report, the Government of India also decided to withhold further 20% payment against sales certification by State Government. Any decision on action, including that against the erring officials and against companies/supplying agencies found guilty of fraudulent drawal of concession against sales of fertilizers in Bihar is subject to outcome of CBI investigations.